GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4889
ANSWERED ON:20.12.2002
RBI ACTION AGAINST AMWAY INDIA
M.V.V.S MURTHI;RAMANAND SINGH;RAVINDRA KUMAR PANDEY;SAMUDRALA VENUGOPAL CHARY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether any observations has been passed by RBI against AMWAY India and its promoter`s company;

(b) if so, the details of observation passed by the RBI against this company;

(c) whether the said company is involved in violation of various rules;

(d) if so, the details thereof;

(e) whether some Members of Parliament and Investors Association brought to thenotice of RBI and Governmentregarding the violations committed by the said company; and

(f) if so, the details of action taken by the Government against this company?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) to (d) Reserve Bank of India (RBI) has reported that it had examined the scheme ofM/s. Amway India Enterprises (AMWAY) in March 2001 and again in May 2002 aiming atcreating a chain of distributors and taken a view that the said scheme appears to be a prize chit or money circulation scheme as defined in and prohibited under Prize Chits and Money Circulation Scheme (Banning) Act, 1978. The offences under the said Act are congizable and the police authorities of the concerned State Government have to investigate and take a view whether the scheme of Amway India attract the prohibition under the said Act.

(e) and (f) Amway had made representation to the Minister (Economic), Embassy of Indiain Washington DC that its schemes are not covered under the Act. RBI had once againexamined the matter and it had advised to the Embassy that the Amway`s activities appear to attract the provisions of the Prize Chits and Money Circulation Schemes (Banning) Act,1978. RBI has forwarded a report in this regard to the police authorities who are empowered under the Act for taking necessary action.